

2013-107 AUDIT SCOPE AND OBJECTIVES—State Treasury—Outside Accounts

The audit by the California State Auditor will provide independently developed and verified information related to state accounts that exist outside of the Centralized State Treasury System (CTS) and their oversight and will include, but not be limited to, the following:

1. Review and evaluate the laws, rules, and regulations significant to the audit objectives.
2. Determine which agencies are involved in approving and monitoring accounts held outside of the CTS and assess each agency's processes and practices.
3. For the most recent five years, identify the accounts that exist outside of the CTS and determine how much money is in these accounts, including to the extent possible, the source and justification for placing these accounts outside the CTS.
4. To the extent possible, determine what controls are in place that limit agencies from depositing funds in repositories outside the CTS without following applicable laws and procedures.
5. For a sample of accounts including any for the California Department of Forestry and Fire Protection that exist outside the CTS:
 - (a) Identify how amounts deposited are determined. Assess whether the accounts were appropriately established in compliance with laws, regulations, and the *State Administrative Manual*.
 - (b) To the extent possible, determine whether fiscal agents or third parties are maintaining these accounts. Determine whether the fiscal agents or third parties comply with all applicable state laws, rules, regulations, and policies for managing and reporting state funds.
 - (c) Identify and assess the controls in place to ensure that the moneys in these accounts are properly accounted for and properly reported, and verify whether these accounts are regularly audited.
 - (d) To the extent possible, determine the benefits of maintaining accounts outside of the CTS, such as costs and whether the fees and charges associated with these accounts are comparable to any charged on the accounts within the CTS.
6. Review and assess any other issues that are significant to the establishment of accounts outside of the CTS and the oversight of these accounts.